

ISSUED: July 8, 2003

D.T.E. 03-49

Petition of Boston Gas Company d/b/a KeySpan Energy Delivery New England for authorization to carry on its business in the Town of Oxford, Massachusetts pursuant to G.L. c. 164, § 30.

APPEARANCES:

Thomas P. O'Neill, Esq.
KeySpan Energy Delivery
52 Second Avenue
Waltham, MA 02451

FOR: BOSTON GAS COMPANY
Petitioner

I. INTRODUCTION

On May 8, 2003, Boston Gas Company d/b/a KeySpan Energy Delivery New England (“Boston Gas” or “Company”) filed a petition with the (“Department”) for authority to carry on its business in the Town of Oxford, Massachusetts (“Oxford”), pursuant to G.L. c. 164, § 30. The Department docketed this matter as D.T.E. 03-49. On June 13, 2003, pursuant to notice duly issued, the Department conducted public and evidentiary hearings. The Company sponsored the testimony of two witnesses: Tiffini Johnson, a planning engineer in the Company’s operations engineering department; and Richard D. Murphy, vice-president of sales and marketing for the Company. The evidentiary record includes seven exhibits and one record request.

II. THE COMPANY’S PETITION

Boston Gas requests that the Department authorize it to expand its services into the town of Oxford, Massachusetts (Petition at 1). The Company’s expansion proposal includes the purchase from Oxford of a parcel of land, on which an interconnection with the Tennessee Gas Pipeline Company’s transmission line will be constructed. The Company states that the project will be operational by the winter of 2003 and will begin servicing customers by the summer of 2004 (Tr. at 10). The Company will install 25,000 feet of 12-inch steel main from the proposed take station through Oxford to interconnect with Boston Gas’ existing distribution system in the town of Webster, Massachusetts (Exh. KS-1, at 2). The Company asserts that this proposed extension will also enable Boston Gas to improve significantly the reliability of its distribution system in the towns of Southbridge, Dudley, and Webster (Exh. KS-1, at 3).

Oxford is not served by any other gas company in current active operation. The Company states that it has reviewed the merits of expanding its utility operations into Oxford. This review consisted of engineering, customer service, and economic analyses and the use of Boston Gas' network system models ("Stoner Model") (Exh. KS-1, at 4). According to the Company, the Stoner Model indicates that normal load growth could lead to areas of poor pressure in the current distribution system and would require system reinforcement (Exh. KS-1, at 4, exh. TJ-3). The Stoner Model also indicates that with the proposed take station in Oxford, the system would be reliable and capable of handling additional growth in the Oxford area (Exh. KS-1, at 4, exh. TJ-4). The Company states that it evaluated two other alternatives¹ to the Oxford project, but found that the Oxford take station project would provide the greatest benefit, because it addresses reliability concerns while allowing the Company to take advantage of cost-effective growth opportunities (Exh. KS-1, at 5). The Company's marketing analyses indicate that there is load growth potential in Oxford (Exh. KS-2, at 5).

In addition, the Town of Oxford has demonstrated its support for the proposed expansion in the following manner: (1) the Planning Board voted to grant the Company a special permit to allow the construction of a take station on a parcel currently owned by the

¹ The two other projects included in the comparison were a system reinforcement project in Dudley and a project to reinforce LNG capability at the Webster Yard, each of which did not provide the superior benefits for the cost of the Oxford project. (Exh. KS-1, at 6).

Town of Oxford, and (2) a Town Meeting voted to authorize the Board of Selectmen to transfer the parcel to the Company (Exh. KS-2, at 7-8, exh. RDM-3).

The Company contends that its analysis demonstrates that the expansion is reasonable, appropriate, and in the public interest (Petition at 1). According to Boston Gas, the financial analysis of the project demonstrates that under probable conditions the load growth from the Oxford expansion will generate a positive return of 12.92%, well in excess of the weighted average cost of capital of 9.38% (Exh. KS-2, at 3-4).

III. STANDARD OF REVIEW

The Department reviews petitions for authorization to expand a gas company's service territory pursuant to G.L. c. 164, § 30, which states:

The department may, after notice and a public hearing, authorize a gas or electric company to carry on its business in any town in the commonwealth other than the town named in its agreement of association or charter, subject to sections eighty-six to eighty-eight, inclusive, and it may purchase, hold and convey real and personal estate in such other town necessary for carrying on its business therein.

In reviewing the record compiled during its investigation of the petition, the Department determines whether the proposal is reasonable. Bay State Gas Company, D.P.U. 87-62 (1987); Bay State Gas Company, D.P.U. 86-138/86-179, at 6 (1987); Dover Water Company, D.P.U. 86-26/86-79, at 2 (1986).

IV. ANALYSIS AND FINDINGS

Upon review of the record, the Department notes that Oxford currently does not have a local gas distribution company providing service to its residents. The record demonstrates that the Company has received support for its proposal from the Oxford Planning Board and the

residents of Oxford. Based on the record in this case, the Department finds that the Company will be able to provide service to customers in Oxford and improve reliability of service to its existing customers. Accordingly, the Department approves the petition of Boston Gas Company for authority to carry on its business in the Town of Oxford. The Company must complete all work set forth in the Company's proposed project time line by March 31, 2005.

IV. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the petition of Boston Gas Company d/b/a KeySpan Energy Delivery New England for authority to carry on its business in the Town of Oxford, Massachusetts is hereby APPROVED; and it is

FURTHER ORDERED: That Boston Gas Company d/b/a KeySpan Energy Delivery New England comply with all directives contained in this Order.

By Order of the Department,

_____/s_____
Paul B. Vasington, Chairman

_____/s_____
James Connelly, Commissioner

_____/s_____
W. Robert Keating, Commissioner

_____/s_____
Eugene J. Sullivan, Jr., Commissioner

_____/s_____
Deirdre K. Manning, Commissioner

Appeal as to matters of law from any final decision, order, or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order, or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order, or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5 Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).